

Department of Social and Health Services

**DP Code/Title: M2-HF BBA Regulations**

**Program Level - 080 Medical Assistance**

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Budget Period: 2003-05    Version: 11    2003-05 Agency Request Budget

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**Recommendation Summary Text:**

The Medical Assistance Administration (MAA) requests eight FTEs to implement Medicaid Managed Care regulations stemming from the Balanced Budget Act of 1997 (BBA). The new federal regulations become effective in August 2002 and place new record-keeping and reporting requirements on state-administered Medicaid programs that do business with managed care organizations (MCO).

**Fiscal Detail:**

**Operating Expenditures**

	<u><b>FY 1</b></u>	<u><b>FY 2</b></u>	<u><b>Total</b></u>
<b>Program 080</b>			
001-1 General Fund - Basic Account-State	261,000	228,000	489,000
001-C General Fund - Basic Account-DSHS Medicaid Federa	261,000	228,000	489,000
<b>Total Cost</b>	<b>522,000</b>	<b>456,000</b>	<b>978,000</b>

**Staffing**

	<u><b>FY 1</b></u>	<u><b>FY 2</b></u>	<u><b>Annual Avg</b></u>
<b>Program 080 FTEs</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>

**Package Description:**

The Centers for Medicare and Medicaid Services (CMS) has adopted rules implementing the BBA regulation. The rules are related to:

- Payment under risk contracts, requirements for actuarially-sound capitation rates
- Information requirements, information to potential enrollees
- Information requirements, general information for all enrollees of MCOs, Prepaid Inpatient Health (PIHPs), Prepaid Ambulatory Health Plans (PAHPs) and Primary Care Case Management (PCCM) plans,
- Requirements for states with mandatory enrollment under state plan authority to provide information to potential enrollees at least once a year
- Choice of MCOs, PIHPs, PAHPS, and PCCMs, exceptions for rural residents
- Limits on payments to other providers
- Scope, state responsibilities, and elements of state quality strategies
- Availability of services, delivery networks
- Nature of assurances. State review and submission to CMS and CMS' right to inspect documentation
- Practice guidelines
- Amounts of civil money penalties

The administration and operations of managed care are located throughout MAA. A total of eight FTEs would be needed to implement the changes required by these new rules. The FTEs would be distributed to the Managed Care Contracts Management (MCCM), Publications, Quality Initiative (QI) Review and the Integrated Provider Network Database (IPND) sections.

The impact in QI and MCCM would be due to the potential increase in monitoring activities. The impact in IPND and Publications stems from the expected increase in general and detailed provider information to enrollees and potential enrollees.

Examples of activities include publication of complete provider directories, including specialists for all clients, which are required to be current and published at least quarterly. Monitoring activities would increase with work-plans, which are required to be developed for each managed care plan annually. The IPND currently does not include all providers, so the

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increased reporting would require additional staff to process and maintain the data. The IPND is also available for customers' use in selecting health plans and providers, and agency staff for use in program analysis and management.

**Narrative Justification and Impact Statement**

***How contributes to strategic plan:***

This proposal will enhance and improve access to quality health care services.

***Performance Measure Detail***

**Goal:**

**Incremental Changes**

**FY 1**

**FY 2**

***Reason for change:***

This request would provide MAA with the staff resources needed to implement the BBA 1997 rules that became effective August 2002.

***Impact on clients and services:***

The imposition of new administrative requirement costs impacts MAA's increasing ability to remain within budgeted levels.

***Impact on other state programs:***

The new federal requirements apply to all MAA clients, including those served by the Health and Rehabilitation Services Administration, Economics Services Administration, Aging and Adult Services Administration, and Children's Administration.

***Relationship to capital budget:***

None

***Required changes to existing RCW, WAC, contract, or plan:***

Revisions will be made to existing RCW, WAC, contracts, and/or state plans to reflect changes required for the implementation of these regulations.

***Alternatives explored by agency:***

These are federal regulations. The state has no alternative but to implement the rules.

***Budget impacts in future biennia:***

Costs will carry forward at the Fiscal Year 2005 level.

***Distinction between one-time and ongoing costs:***

With the exception of the equipment portion of this request (\$66,000), all costs will be ongoing.

***Effects of non-funding:***

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These rules must be implemented, so non-funding would require reductions in other MAA activities in order to implement the BBA regulations.

***Expenditure Calculations and Assumptions:***

None

<b><u>Object Detail</u></b>		<b><u>FY 1</u></b>	<b><u>FY 2</u></b>	<b><u>Total</u></b>
<b>Program 080 Objects</b>				
A	Salaries And Wages	298,000	298,000	596,000
B	Employee Benefits	75,000	75,000	150,000
C	Personal Service Contracts	75,000	75,000	150,000
E	Goods And Services	66,000	0	66,000
T	Intra-Agency Reimbursements	8,000	8,000	16,000
<b>Total Objects</b>		<b>522,000</b>	<b>456,000</b>	<b>978,000</b>

**DSHS Source Code Detail**

<b>Program 080</b>		<b><u>FY 1</u></b>	<b><u>FY 2</u></b>	<b><u>Total</u></b>
<b>Fund 001-1, General Fund - Basic Account-State</b>				
<b><u>Sources</u></b>	<b><u>Title</u></b>			
0011	General Fund State	261,000	228,000	489,000
<b>Total for Fund 001-1</b>		<b>261,000</b>	<b>228,000</b>	<b>489,000</b>
<b>Fund 001-C, General Fund - Basic Account-DSHS Medicaid Federa</b>				
<b><u>Sources</u></b>	<b><u>Title</u></b>			
19UL	Title XIX Admin (50%)	261,000	228,000	489,000
<b>Total for Fund 001-C</b>		<b>261,000</b>	<b>228,000</b>	<b>489,000</b>
<b>Total Program 080</b>		<b>522,000</b>	<b>456,000</b>	<b>978,000</b>